

Saving money is one of those things that's so much easier said than done — everyone knows it's smart to save money in the long run, but many of us still have difficulty doing it. There's more to saving than simply spending less money, although deciding to spend less can be challenging. Smart money-savers also need to consider how to spend the money they *do* have as well as how to maximize their income. I will give you simple steps that I have decided to imbibe in the hope that I will be a wiser money saver. These steps are tested and proven by other people who have made a fortune in life and kept it.

**1 Pay yourself first. The easiest way to save money rather than spending it is to make sure that that you *never get a chance to spend the money in the first place*.** I first learned about this in the book, *Richest Man in Babylon*. I consider this book the greatest ever written on finances and you will do yourself well to get it.

Paying yourself first simply means to decide that a portion of your income belongs to you and to any other person or for any other thing. Irrespective of what arises, that percentage belongs to you. What I do is to remove 10% of my earnings and dedicate it to myself. It is my portion. I save it every month. Someone listening may be saying, *well yusuf I earn just 10,000. How can I save 1000 out of that – isn't that too small? 10000 Naira is not enough for my needs, what will 9000 do then?* Well to you I'll say that if you ever want to be wealthy you will understand that it is not about the amount saved but the habit developed in the process of

saving. Also, you will be amazed that 9000 will just about handle your needs the same way 10,000 was.

The ideal way to save 10% of your earnings consistently is to have it removed from your account before it come to your hands. The fact is that it is always more difficult to save when we have cash with us. So if it is possible, tell your account officer in the bank you will want 10% of your earnings to be diverted to another account the moment your earnings drop in.

On the flip side what I actually do is that I participate in a contributory scheme at my workplace in which I contribute 10% of my earnings in. This is similar with what we typically call *adashe* in Hausa. The advantage of this contributory scheme is that I am under pressure from my colleagues to contribute monthly else I face sanctions.

## 2

**Avoid accumulating new debt.** Some debt is essentially unavoidable. For instance, only the very rich have enough money to buy a house in one lump sum payment, yet millions of people are able to buy houses by taking out loans and slowly paying them back. However, in general, when you can avoid going into debt, do so. It is very difficult to build a healthy savings habit if you are plagued with debts from every corner. When pressured beyond your capacity there is a chance you will dip your hands into your savings to pay up. If you are not in debt, don't get into any that is avoidable. If you are in debt, make it your primary

financial goal to climb out of debt first. The moment you are able to climb out of debt, stay debt free by not getting into further debt.

3

**Set reasonable savings goals.** It's a lot easier to save if you know you have something to save *for*. Set yourself savings goals that are within your reach to motivate yourself to make the tough financial decisions needed to save responsibly. For serious goals like buying a house or retiring, your goals may take years or decades to achieve. In these cases, it's important to monitor your progress on a regular basis. Only by stepping back and taking a look at the big picture can you get a sense for how far you've come and how far you have left to go.

4

**Establish a time-frame for your goals.** Giving yourself ambitious (but reasonable) time limits for achieving your goals can be a great motivational tool. For example, let's say that you set a goal having ₦1,000,000.00 saved in your account; it will be wise to place a timeframe of, say, 5 years. This will help to push you towards making installmental savings deposits of ₦16,600 monthly.

5

**Keep a budget.** It's easy to commit to ambitious savings goals, but if you don't have any way to keep track of your expenses, you'll find that it's difficult to achieve them. To keep your financial progress on-track, try budgeting out your income at the beginning of each month. Assigning a

set portion of your income to all of your major expenses ahead of time can help ensure that you don't waste money, especially if you actually divide each paycheck according to your budget as soon as you get it.

6

**Record your expenses.** Keeping a tight budget is a must for anyone looking to save money, but if you don't keep track of your expenses, you may find that it's difficult to stick to your goals. Keeping a running tally of how much you've spent on various types of expenses each month can help you identify "problem" areas and adjust your spending habits to fit your budget. Practically speaking, you need a lot of discipline to keep a tight record of all your expenses but doing so will keep you in good financial shape.

7

**Start saving as early as possible.** Money that's squirreled away in savings accounts usually accumulates interest at a set percentage rate. The longer your money remains in the savings account, the more interest you accumulate. Thus, it's in your advantage to start saving as soon as you possibly can. Even if you're only able to contribute a tiny amount to your savings each month when you're in your twenties, do so. Relatively small amounts of cash left in interest-yielding accounts for long periods of time can eventually accumulate to several times their initial value.

**Don't get discouraged.** When you're having trouble saving money, it's easy to lose your nerve. Your situation may seem hopeless — it may seem almost impossible to save up the money you need to meet your long-term goals. However, no matter how little you're starting with, it's *always* possible to begin saving money. The sooner you start, the sooner you can be on your way to financial security.

I will like to hear from you. Which of these 7 points can you activate immediately?